



ROYAL BOROUGH OF KINGSTON UPON THAMES

FAIR FUNDING 2014/15

SCHEME FOR FINANCING SCHOOLS 2014/15

Coming into force 26th June 2014

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THE SCHEME

SECTION1: INTRODUCTION

1.1. The Funding Framework: Main Features

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (*Section 50 has been amended to provide that amounts spent by a governing body on providing

community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 to the Act)

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2. The role of the scheme

This scheme sets out the financial relationship between the Council of the Royal Borough of Kingston upon Thames (RBK) as LA and the maintained schools that it funds. The scheme contains requirements relating to financial management and associated issues, binding on both the LA and on schools.

1.3. Application of the scheme to the LA and to all maintained schools

The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies.

1.4. Publication of the scheme

The scheme must be published on a website which is accessible to the general public and any revised version must be published by the date the revisions

come into force and must state the date that the revised scheme comes into force.

1.5. Revision of the scheme

All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.6. Delegation of powers to the Headteacher

Each governing body should consider the extent to which it wishes to delegate its financial powers to the Headteacher, including the power of virement between budget headings, and should formally record its decision (and any revisions) in the minutes of the governing body meeting at which the decision was taken. Such decisions by the governing body will be subject to any requirements of regulations to be made under s.38 and Schedule 11 of the SSFA 1998.

It is advised that the governing body of each school should set an upper limit for expenditure on any one item beyond which the Headteacher would be required to obtain their specific prior approval.

The Headteacher is responsible for preparing budget proposals to the governing body for approval that does not fall within the limits of delegation. The first formal budget plan of each financial year must be approved by the governing body.

1.7. Maintenance of Schools

The LA is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all expenses of maintaining them (except in the case of a Voluntary Aided school where some of the expenses are, by statute, payable by the governing body). Part of the way this is done is through the funding system put in place under sections 45 to 53 of the SSFA 1998. (See also section 13 of this scheme).

SECTION 2: FINANCIAL REQUIREMENTS AND AUDIT

2.1. Application of financial controls to schools

As a general provision of this scheme, schools must, in the management of their delegated budgets, abide by the LA's requirements on financial controls and monitoring. These requirements are set out not only in this scheme but also contained in the RBK Financial Regulations for Schools, Contract Standing Orders and procedural documents issued from time to time by the Director of Learning and Children's Services.

2.2. Provision of financial information and reports

Each school to which this scheme applies must provide the LA with details of anticipated and actual expenditure and income, in a form and at times determined by the LA, which will be notified separately.

For schools with their own cheque books, an income and expenditure return shall be provided not more frequently than quarterly, except where the LA has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation. The restriction to a minimum quarterly interval does not apply to schools that are part of an on-line financial accounting system operated by the LA.

At the end of the financial year schools shall provide the LA with a financial report that conforms to the requirements of the Consistent Financial Reporting framework.

2.3. Payment of salaries and bills

The administrative procedures for the payment of bills and salaries, to which schools will be required to adhere, will be published separately. Those procedures will vary according to the position on delegation of funds and any buy-back of LA services to which individual schools have agreed.

2.4. Control of assets

Each school must maintain an inventory of its moveable non-capital assets. The form in which this must be done for assets worth more than £1,000, together with the basic authorisation procedures for disposal of assets, will be determined by the LA and published separately. However, schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. They must keep a register in some form.

2.5. Accounting policies (including year-end procedures)

Schools must abide by the accounting policies and procedures issued from time to time by the LA.

2.6. Writing-off of debts

Income due to a school's delegated budget that cannot be recovered by that school should be referred to the Director of Finance for recovery procedures to be initiated, or otherwise reported to the Governing Body, who are empowered to write off debts.

2.7. Basis of accounting

The LA is required to maintain its accounts on an accruals basis. Its expectation of schools is that they will normally furnish reports/ accounts to the LA on the same basis.

From 1 April 1999, schools may adopt instead a cash basis for such reports and accounts, subject to giving the LA notice of an intention to do so at least three months prior to the start of the relevant financial year. Where a school elects to do this it must, by 30 April in each year, provide to the Director of Learning and Children's Services schedules as at 31 March of debtors, creditors and payments-in-advance.

2.8. Submission of budget plans

The Director of Learning and Children's Services will give guidance to schools on assumptions affecting budget plans that are likely to be the same for all schools. The LA will supply schools with all income and expenditure data that it holds which is necessary for efficient budget planning by schools and supply schools with an annual statement showing when this information will be available at times through the year.

Each school must submit a plan to the LA by 1 May each year showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The format of the plan will be specified by the Director of Learning and Children's Services in a separate publication. In addition to the formula funding, schools may take full account of estimated deficits/surpluses at the previous 31 March in their budget plan.

In order to enable the LA to comply with statutory requirements to maintain accurate prime records, where a governing body revises its budget plan during the year, it must notify the LA within a reasonable period of any such change. The Director of Learning and Children's Services may require a governing body to review its budget plan at any time, provided that at least three months have elapsed since any previous revision.

Income received for the purposes of the school must be credited to the schools budget share.

The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

2.9. Efficiency and value for money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

2.10. Virement

Governing Bodies are permitted to vire freely between budget heads in the expenditure of their budget shares.

2.11. Audit: General

Schools to which this scheme applies come within an internal audit regime determined by the LA, and within the LA external audit regime as determined by the Audit Commission. The LA requires all such schools to co-operate with this regime and to provide access as necessary for audit purposes to the school's records, for both internal and external auditors.

2.12. Separate external audits

Each governing body may spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. There is no expectation by the Secretary of State or the LA that routine annual external audit at school level of budget share expenditure must be carried out, but schools are not prevented from seeking an additional source of assurance at their own expense, should they wish to do so.

2.13. Audit of voluntary and private funds

The LA requires schools to obtain and provide to the LA on request annual audit certificates in respect of voluntary and private funds held by them, including school meal accounts if applicable, and of the accounts of any trading organisations controlled by them. However, the LA will not itself audit such funds. Any other requirement as to the audit of such funds is a matter for those

making the funds available, and for the Charity Commission where charitable trusts are concerned.

2.14. Register of business interests

The governing body of each school must establish by 31 December 1999, if it has not already done so, a register which lists, for each member of the governing body and the Headteacher (whether or not a governor) any business interests they or any member of their immediate family have. This register must be kept up to date by notification of any changes and through annual review of entries. The register is to be made available at all reasonable times for inspection by governors, staff, parents and duly authorised staff of the LA.

2.15. Notice of Concern

The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Chief Education Officer/Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into a local authority's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the governing body does not comply with the notice.

2.16. Schools Financial Value Standard (SFVS)

All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. ***Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.***

Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.

All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

2.17. Fraud

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

2.18. Purchasing, tendering and contracting requirement.

Schools are required to abide by the Authority's financial regulations for schools and standing orders in purchasing, tendering and contracting matters. This includes a requirement, where necessary, to assess in advance the health and safety competence of contractors, taking account of the LA's policies and procedures. However, this scheme formally disapplies any section of those that would have the effect of requiring any schools:

- a. to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;

- b. to seek LA officer countersignature for any contracts for goods or services for a value below £60,000* in any one year;
- c. to select suppliers only from an approved list;
- d. to seek fewer than three tenders or competitive quotations in writing in respect of any contract with a value exceeding £10,000* in any one year.

* *Note:* the sums in b) and d) above will be revised at periodic intervals in accordance with guidance to be issued by the DfES.

2.19. **Application of contracts to schools**

Schools have a general right to opt out of any LA-arranged contract.

Governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts, but in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.20. **Central funds, 'earmarking' and virement of grant funding**

The LA is authorised to make sums available to schools from central funds, in the form of allocations for specific purposes that are additional to and separate from the schools' budget shares. (The Standards Fund regulations will require LAs to do this with many grants). Such 'earmarked' funding from centrally retained funds will be subject to conditions setting out the purpose or purposes for which the funds may be used and is to be spent only on those purposes, or on other budget heads for which earmarked funding has been given. Accounting mechanisms will be required in such cases for schools to be able to demonstrate compliance with this requirement. Such "earmarked" funds must be returned to the LA at the end of the relevant financial year if not fully spent in a year, or within the period over which schools are allowed to use the funding if different.

While the stated conditions may include authorisation to virement (except where the funding is supported by a specific grant which the LA itself is not permitted to vire), schools may not carry this out to a point where it would have the effect of assimilating the allocations into the school's budget share.

The LA cannot make any deduction, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

2.21. Spending for the purposes of the school

Although s.50 (3) of the SSFA allows governing bodies to spend budget shares generally for the purposes of the school, such spending is subject to any provisions of this scheme and to any regulations made by the Secretary of State (SoS).

Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

From 1st April 2011, amounts spent by governing bodies on community facilities or services (permitted by section 27 of the Education Act 2002) will be treated as if spent for any purposes of the school.

2.22. Capital spending from budget shares

In addition to any capital allocation made available by the LA outside a school's delegated budget share, governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a Voluntary Aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSFA.

If the expected capital expenditure from the budget share in any one year will exceed £20,000, the governing body must notify the LA and take into account any advice from the Director of Learning and Children's Services as to the merits of the proposed expenditure.

The LA requires any capital spending from budget shares to be notified to the Director of Learning and Children's Services. Where the premises are owned by the LA, the governing body must first seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS

For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units.

3.1. LA integrated accounting system and bank account

Schools have the option of using the LA's integrated accounting system or of operating their own stand-alone accounting system. Schools that elect to use the LA's system will draw their budget share directly from the LA's bank account as they incur expenditure. Similarly, all income accruing to the budget share will be deposited into the LA's bank account. Schools which opt to have their own stand-alone accounting system will be required to maintain their own bank accounts as provided for in this scheme.

3.2. Bank and building society accounts

All maintained schools are permitted to have individual external bank accounts into which their budget share instalments (as determined by the provisions in this scheme) will be paid. Where schools have such an account, they are permitted to retain all interest payable on that account, except where they choose to have an account within any LA contract that makes other provision.

New bank account arrangements may only be made with effect from the beginning of a financial year. Schools without bank accounts at the start of the scheme may not have one until any deficit balance is cleared. Similarly, any school requesting a bank account at a later date will also not be permitted to open one until any deficit balance is cleared. A minimum of three months notice must be given before the start of the relevant financial year for opening new accounts.

If a school opens an external bank account the LA will, if the school desires, transfer immediately to the account an amount agreed by both school and LA as the estimated surplus balance held by the LA in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

The term 'bank accounts' as referred to here does not include any imprest account.

3.3. Restrictions on accounts

The rules covering the use of a chequebook account are contained in section 6 of Annex D to this scheme. The Director of Finance will maintain a list of bank or building societies at which accounts may be held for the purpose of receiving budget share payments. These institutions will be selected according to the LA's Treasury Management Policy and the list may be revised from time to time. The

current list of approved banks and building societies specified by the Director of Finance in this connection is set out in Appendix 2 to Annex D. Schools having bank accounts with other banks prior to 1 April 2001 are permitted to retain those accounts.

Any school closing the account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

Schools are permitted to have accounts for budget share purposes that are in the name of the school rather than that of the LA. Schools' bankers must be notified that money paid by the LA and held in such accounts remains LA property until spent. (See s.49 (5) of the SSFA).

3.4. Proportion of budget share payable at each instalment and frequency of instalments

For schools operating their own bank accounts, the whole of the budget share will be made available to them in such proportions and at such intervals as are set out in section 7.1 of Annex D. For schools using the council's online general ledger, the entire budget share is available from the start of the financial year.

3.5. Payment of Top Up

Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

3.6. Interest claw back

For schools with their own bank account, the LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance. The basis of calculation of this deduction is follows:

Instalment paid on 1 April:

$$\frac{A \times B\%}{365 \text{ days}} \quad \times \quad 28 \text{ days} \quad \times \quad 75\%$$

= no. of days of lost interest

Instalment paid on and after 28 April:

$$\frac{A \times B\%}{365 \text{ days}} \quad \times \quad \text{no. of days that the budget share instalment is paid in advance of RBK salary pay day} \quad \times \quad 90\%$$

= average proportion of school budget share representing staff costs

where A = sum of budget share instalment paid in advance, and
B = Base Rate set by RBK's bankers

3.7. Interest on late budget share payments

The LA will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The interest rate used is the same as for the clawback calculations in paragraph. 3.5.

3.8. Budget shares for closing schools

In the event of the future closure of any school holding its own bank account, its budget share will, once approval for the discontinuation of that school has been secured, be made available until the date of closure on the same basis as set out in paragraph 3.4 above.

3.9. Borrowing by schools

Maintained school governing bodies may borrow money only with the written permission of the Secretary of State. This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts, but any such debts may not be serviced directly from schools' delegated budget shares. However, schools are free to agree a charge for any service which the Trustees or Foundation may provide as a consequence of their own borrowing.

Credit cards count as borrowing and cannot be used for budget share expenditure by any school irrespective of whether the school uses its own or RBK bank account. However schools can use debit and credit cards in conjunction with voluntary accounts. Cheque Book schools can have debit cards provided that it is linked to the approved bank used by the school. There is no facility for General Ledger schools to use debit or procurement cards for budget share expenditure.

SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1. The carrying forward of deficits and surplus balances

Schools carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year, plus or minus any balance brought forward from the previous year. For schools who have opened an external bank account at the beginning of the financial year, the LA will transfer to the account on the 1 April a sum agreed with the school as the estimated surplus balance held by the LA. See Annex D 7.2 for cash adjustments for surpluses and deficits where an external bank account has been opened by a school.

4.2. Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2011:

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus for the previous financial year;
- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d. If the result of steps a-c is a sum greater than 10% of the current year's budget share for secondary schools, 16% for primary and 30% for special schools, then the Authority shall deduct from the current year's budget share an amount equal to the excess

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

4.3. Interest on surplus balances

Surplus balances held by the LA arising from previous financial years will attract interest at the annual average rate for seven-day notice loans to a local authority in the London Money Market, as calculated by the Director of Finance. Such balances may be withdrawn at seven days' notice.

Exceptionally, a school participating in the LA's integrated financial system may deposit part of its current year's budget share with the LA, provided that the account is not withdrawn before the end of the financial year. If any sums are withdrawn, then the current year's deposit will be assumed to be withdrawn first.

4.4. Obligation to carry forward deficit balances

Schools are obliged at the end of each financial year to carry forward any deficit balances into the subsequent financial year. The mechanism for this will be through such deficits being deducted from any balance held by the LA, and then from the following year's budget share. (See also 4.9).

The scheme allows the scheduling of repayments of deficits that already existed at schools maintained by the LA on 31 March 1999.

4.5. Planning for deficit budgets

No school to which this scheme applies is permitted to plan for a deficit budget. Where an unplanned deficit arises at any school, the governing body will be required by the LA to submit a plan to the Director of Learning and Children's Services showing how the school proposes to eliminate that deficit. Any deficit incurred will be the first charge on the school's budget share in the following financial year.

4.6. Prohibition on the writing off of deficits

If an authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum)

4.7. Balances of closing and replacement schools

In the event of a school closing at some future date, any balance (whether surplus or deficit) reverts directly to the LA. It cannot be transferred as a balance to any other school, even where that school is a successor to the closing school, except that a surplus or deficit transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

4.8. Credit union approach

Where any schools elect to group together to utilise externally held balances for a 'credit union' approach to loans, the Director of Learning and Children's Services must be informed of this fact. The LA reserves the right to require formal audit certification of any such credit union where the LA does not itself act as administrator of the arrangement.

4.9. Licensed Deficits

The LA will permit schools in exceptional circumstances to plan for a deficit budget. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the LA on behalf of schools. Those surplus balances held by schools in an external bank account remain the property of the LA and can legally be taken into account by the LA in assessing the total level of loans it might wish to make to schools.

The detailed arrangements applying to this scheme are set out below:

- Deficit arrangements may only be permitted where budgets cannot be balanced in year without extreme damage to the curriculum and must be authorised in advance by the Strategic Directors of Learning and Children's Services and of Finance.
- The LA may agree in advance a Financial Plan that provides for any deficit to be recovered over more than one financial year subject to the Governing Body passing a resolution to that effect and complying with the conditions agreed in the financial plan.

- The maximum deficit sum shall not normally exceed 10% of the delegated Budget, unless the LA gives specific written agreement.
- The total of agreed deficits and capital loans should not normally exceed 40% of schools' collective balances, subject to exceptional circumstances agreed between the Strategic Directors of Learning and Children's Services and of Finance.
- The maximum period over which schools must balance their budget is normally three years.
- Schools will be subject to additional monitoring procedures and will need to satisfy the Strategic Directors of Learning and Children's Services and of Finance that adequate financial management arrangements are in place at the school.
- To ensure that Licensed Deficit schools operating their own bank accounts do not overdraw, cash up to the value of their licensed deficit may be advanced as and when required, in addition to their budget share. Interest, to be calculated on the daily balance outstanding at the local authority 7 days' notice rate, will be paid by schools on cash drawn in advance of the normal payment profile.

SECTION 5: INCOME

The basic principle that this scheme adopts is that schools are permitted to retain income except in certain specified circumstances.

5.1. Income from lettings of school premises

Schools may retain all income from lettings of the school premises that would otherwise accrue to the LA, subject to any alternative provisions arising from any joint-use or (Private Finance Initiative) agreement. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the school's budget share.

Schools are required to have regard to any directions issued by the LA as to the use of school premises owned by the LA, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

5.2. Income from fees and charges

Schools may retain income from fees and charges, except in respect of any service provided by the LA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the LA.

5.3. Income from fund-raising activities

Schools are allowed to retain all income from fund-raising activities except where a service is provided by the LA from centrally retained funds. Schools should have regards to any policy statements on charging produced by the LA.

5.4. Income from the sale of assets

Schools may retain the proceeds of the sale of assets, except in cases where the asset was purchased with non-delegated funds, in which case it is for the LA to decide whether the school should retain the proceeds.

Schools may not retain the proceeds of sale if the asset concerned is land or buildings forming part of the school premises and owned by the LA. (This scheme does not, however, affect the retention of proceeds of sale of premises that are not owned by the LA).

5.5. Administrative Procedures for the collection of income

The LA will from time to time issue separate guidance, to which schools are required to have regard, on procedures for the collection of income.

5.6. **Purposes for which income may be used**

Any income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1. General provision

The LA will charge the salaries of school-based staff to school budget shares at actual cost. The budget share of a school may otherwise be charged by the LA without the consent of the governing body only in circumstances expressly permitted by this scheme. These circumstances are set out in 6.2 below. The LA will first consult the school concerned as to any intention so to charge, and notify the school when it has been done.

6.2. Circumstances in which charges may be made

Subject to 6.1 above and 12.1 below, the budget share of a school may be charged by the LA without the consent of the governing body:

- i) where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
- ii) where other expenditure has been incurred to secure resignations where the school has not followed LA advice.
- iii) where an award has been made by a court of law or an Employment Tribunal or out of court settlements against the LA arising from action or inaction by the governing body contrary to the LA's advice.
- iv) where expenditure has been incurred by the LA in carrying out health and safety work or capital expenditure for which the LA is liable, where funds have been delegated to the governing body for such work but the governing body has failed to carry out the required work.
- v) where the LA has needed to incur expenditure in making good defects in building work funded from a school's budget share, where the premises are owned by the LA or the school has voluntary controlled status;
- vi) where expenditure has been incurred by the LA in insuring its own interests in a school, where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA. (See also 10.1 below).
- vii) where recovery is made of monies due from a school but unpaid for services provided to the school under a service level agreement.
- viii) where recovery is made of interest or penalties imposed on the authority by HM Revenue and Customs, Teachers' Pensions, the

Environment Agency or other regulatory authorities as a result of school negligence.

- ix) where the LA has to correct errors in calculating charges to a budget share (e.g. pension deductions).
- x) where additional transport costs are incurred by the LA arising from the governing body making a decision on the length of the school day and failing to notify the LA of non-pupil days, resulting in unnecessary transport costs.
- xi) where legal costs are incurred by the LA in circumstances where the LA has given advice to the governing body but that advice was not accepted. (See also section 11).
- xii) deleted
- xiii) where the LA has incurred costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not been carried out.
- xiv) where the LA is required to pay compensation to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- xv) Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- xvi) Costs incurred by the authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs;
- xvii) Costs incurred by the LA due to submission by the school of incorrect data;
- xviii) Recovery of amounts spent from specific grants on ineligible purposes;
- xix) Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
- xx) Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

6.3. Exercise by the LA of its powers

The LA will have regard to s.496 of the Education Act 1998 and will not act unreasonably in the exercise of any power conferred by the scheme. With regard to the powers set out in 6.2 above, the LA would demonstrate that it had necessarily incurred the expenditure to be charged to a school's budget share.

6.4. Approval to De-delegation

The Council may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

SECTION 7: TAXATION

7.1. Value Added Tax

The procedure schools should follow in order to be able to utilise the LA's ability to reclaim Value Added Tax (VAT) on expenditure relating to non-business activity will be set out in separate and more detailed guidance to be issued by the LA .. Amounts so reclaimed will be passed back to the school.

HM Revenue & Customs have agreed that VAT incurred by schools when spending any funding made available by the LA is treated as being incurred by the LA and qualifies for reclaim by the LA. This does not include expenditure by the governors of a Voluntary Aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings, nor capital works at GM or Foundation Schools funded directly by the Government.

7.2. Construction Industry Taxation Scheme (CITS)

Schools are required to abide by the procedures issued by the LA in connection with CITS.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE LOCAL AUTHORITY

8.1. Provision of services from centrally retained budgets

It is for the LA to determine on what basis services from centrally-retained funds will be provided to schools. This includes Premature Retirement Compensation (PRC) and redundancy payments, where appropriate.

The LA will not discriminate in its provision of services to schools on the basis of their category except in circumstances where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2. Timescales for the provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LA will be limited to a maximum of three years from the inception of the scheme, or from the date of the agreement, whichever is the later, and to periods not exceeding five years for any subsequent agreement relating to the same services. Central LA provision of premises and liability insurance is specifically excluded from this provision.

8.3. Buy-back of Services

Where the LA offers to provide on a buy-back basis any services for which funding has been delegated, it will do so in ways which do not unreasonably restrict schools' freedom of choice among the services available. Where practicable, this will include provision on a service-by-service basis as well as any "package" of services. The maximum period of any such arrangement will be three years for agreements starting on or after 1 April 1999 and a maximum of five years for any subsequent agreement relating to the same services. These periods may be extended to five and seven years respectively for the supply of catering services.

Where a service is provided, for which expenditure is not retainable centrally by the LA under the Regulations made under section 46 of the SSAF Act, it will be offered at prices which are intended to generate income which is no less than the cost of providing those services.

8.4. Service-Level Agreements (SLAs)

Where the LA provides services or facilities under a service-level agreement (SLA), whether free at the point of delivery or on a buy-back basis, the terms of any such agreement starting on or after the inception of the scheme will be

reviewed at least every three years if the agreement lasts longer than that period.

Where services are offered at all by the LA, these will normally be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements. However, where services are provided on an ad-hoc basis, the LA reserves the right to charge for them at a different rate than if they were provided on the basis of an extended agreement.

Service level agreements will be prepared by the end of February preceding the start of the financial year to which they apply, and that schools have until the end of March preceding the start of the financial year (or a period greater than one month) to accept any such agreement.

Centrally arranged premises and liability insurances are excluded from the above requirements.

8.5. Teachers' Pensions

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) be passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the

Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

SECTION 9: PRIVATE FINANCE INITIATIVES/ PUBLIC-PRIVATE PARTNERSHIPS

- 9.1. The LA reserves the right to seek changes to this scheme in the event of a PFI or PPP scheme being proposed at some future date.

SECTION 10: INSURANCE

10.1. Insurance cover

Where funds for insurance are delegated to any school, the LA will require the school to demonstrate that cover relevant to the LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA, having regard to the actual risks which might reasonably be expected to arise at the school. (See also 6.2. paragraph. vi), above).

Governing bodies maintaining their own insurance cover in place of that arranged by the LA must provide to the Director of Learning and Children's Services an up-to-date copy of the policy or policies, together with all premium receipts or other evidence of cover. Failure to provide documentary proof of a satisfactory level of cover within a reasonable period of such a request being made may result in the school's budget share being charged, as described in 6.2. (vi) above.

SECTION 11: MISCELLANEOUS

11.1. Right of access to information

As well as the specific requirements listed above, governing bodies are required to supply all financial and other information which might reasonably be required to enable the LA to satisfy itself as to the school's management of its delegated budget share, or the use made by the school of any central expenditure devolved to it by the LA (e.g. 'earmarked' funds).

11.2. Liability of governors

Because the governing body is a corporate body, and because of the terms of s.50(7) of the SSFA, governors of maintained schools will not incur personal liability in the exercise of their power to spend their school's delegated budget share provided they act in good faith.

11.3. Governors' expenses

Governing bodies of schools with a delegated budget may make a scheme to pay allowances to governors and associate members of governing bodies in respect of legitimate expenses incurred in carrying out their duties. The allowances paid should relate to actual costs incurred, apart from mileage costs where any payment should not exceed authorised Inland Revenue mileage allowances. However, attendance allowance and payments for loss of earnings may not be paid. The payment of any other allowances is also prohibited.

The LA is empowered to delegate to the governing body of a school yet to receive a delegated budget funds to meet governors' expenses.

Under Schedule 11 of the SSFA, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. The payment of any other allowances is prohibited.

Any school under special measures is also barred from the payment of expenses duplicating those paid by the Secretary of State to any additional governors appointed by him to that school.

The LA may make a scheme to pay allowances to governors of schools without a delegated budget, for example during a period of suspension of the right to a delegated budget.

11.4. Responsibility for legal costs

Legal costs incurred by the governing body relating to matters which are the responsibility of the LA as part of the cost of maintaining the school (unless they relate to the statutory responsibility of aided school governors for buildings) may be charged to the school's budget share in circumstances where

the governing body has not acted in accordance with the advice of the LA. (See also section 6.2 paragraph. xi above).

Circumstances may occur where a school governing body and the LA have a conflict of interest, when LA legal staff would be unable to act on behalf of the school. Such circumstances are likely to be very rare. LA legal staff would inform the governing body in the case of a conflict of interest arising and make available to them a list of appropriately experienced local legal practitioners able to give independent advice to the governing body.

11.5. Health and Safety

Governing bodies, in expending their school's budget share, are required to have due regard to duties placed on the LA in relation to health and safety, and to the LA's policy on health and safety matters. See section 12 .

11.6. Right of attendance for Director of Finance

Governing bodies are required, where so requested, to permit the Director of Finance of the Royal Borough of Kingston upon Thames, in person or by deputy, to attend meetings of the governing body at which any agenda items are discussed, relevant to the exercise of that officer's responsibilities.

11.7. Delegation to new schools

The LA is empowered to delegate selectively and optionally to the governing bodies of schools that have yet to receive delegated budgets.

11.8. Options to receive delegated funding

Where a school exercises a right to receive optional delegated or devolved funding, it may do so only once in any given financial year at such date as may be stipulated by the LA and may not thereafter during that year alter its decision.

11.9. Funding for special education and social needs

Schools receive funding for special education and social needs as unhypothecated elements of their total budget share. The LA requires, nevertheless, that school governing bodies shall use their best endeavours to secure adequate provision to meet the special educational and social needs of the pupils in the roll of other schools.

11.10. Interest on late payments

Schools are reminded of the statutory duty to pay invoices by their due date or be liable for interest charges.

11.11. *'Whistleblowing'*

The procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at a school is reproduced in Annex E.

11.12. Child Protection

Schools should have regard to LA policy and permit the designated child protection teacher, or other staff, to attend child protection case conferences and other related events, the costs of which will be met from centrally retained LA funds.

11.13. Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided at Annex H.

SECTION 12 HEALTH AND SAFETY

12.1. Roles and Responsibility

The Royal Borough of Kingston delegates to the governing bodies and headteachers (as the Responsible Person(s)) the duty, in expending the school's budget share, to take the necessary actions to comply with all health and safety legislation, Council policies, arrangements as pertinent to their schools. The Council retains its corporate legal responsibility under the "Health and Safety at Work Act etc 1974" and Regulations made under it. It should be remembered that staff at all levels also have individual responsibilities under Health and Safety legislation.

Governing bodies and headteachers will need to take and demonstrate positive action to ensure that Health and Safety is adequately managed within the school premises, all school activities and on educational visits.

The School Standards and Frameworks Act 1998 states that:

Section 39.1 – (1) The governing body and head teacher of:

- a community or voluntary controlled school, or
- a community special school,

Shall comply with any direction given to them by the local education authority concerning the health or safety of persons on the school's premises or taking part in any school activities elsewhere.

For voluntary aided schools the Governing Body is the employer and hence the school must comply with any direction given to them by the Governing Body concerning the health or safety of persons on the school's premises or taking part in any school activities elsewhere.

12.2. Governing Bodies and Headteachers Direct Safety Responsibilities

Safety functions falling within the direct responsibility of governing bodies and headteachers will include (but is not limited to):

- formulating, disseminating and reviewing the school's health and safety and fire safety policy statements in the context of RBK's guidance;
- ensuring that arrangements are in hand to effectively plan, organise, control, monitor and comply with any corporate monitoring or reporting arrangements notified to them by the Council;
- arranging for fire safety risk assessments and asbestos surveys, keeping records and planning remedial action where deficiencies exist;
- ensuring service level agreements exist for statutory inspections of gas, electricity, passenger lifts, hoists and water safety;
- buying and maintaining equipment (including fire fighting equipment);
- maintaining and repairing fixtures and fittings and other elements of the property;
- cleaning, both indoors and outdoors;

- any other tasks, assessments, works or health and safety functions that impact on their school.

12.3. Appointment of Competent persons

In fulfilling their Health and Safety functions governing bodies and headteachers of schools, other than voluntary aided schools, must by virtue of "The Management of Health and Safety at Work Regulations 1999", appoint the RBK Health and Safety Service as 'competent person(s)' to assist them in undertaking measures to comply with Health and Safety legislation. This requirement does not apply to voluntary aided schools but they are strongly urged so to do.

12.4. Budgeting Adequately For Repairs and Maintenance

Governing Bodies have direct health and safety responsibility for the repairs and maintenance of school premises, other than works of a capital nature. Governors are required to demonstrate that they have budgeted adequately for repairs and maintenance in order to ensure that they are in a position to carry out any reasonable maintenance required for health and safety reasons. To satisfy this requirement Schools should produce an annual plan for repairs and maintenance expenditure which will enable officers to monitor whether health and safety work has been allowed for and to allow health and safety monitoring where necessary of major works undertaken by the school. This plan should be submitted to the Asset Management Team by 31st March each year.

12.5. Statutory Inspection and Risk Assessment

Schools are also required to provide information about the statutory inspections and risk assessment to the Council by recording the information on the Concerto database and on occasion the Council will write to schools requesting specific information in order to ensure that statutory inspections have been undertaken.

12.6. Local Arrangements and Obtaining Advice

All schools should give consideration to their local arrangements and obtain advice about ongoing professional technical support. Where appropriate, schools are advised to engage building professional services consultants to advise on and possibly to manage all or part of their building maintenance expenditure.

12.7. Serious Health and Safety Incident

In the event of a serious health and safety incident (e.g. a fire, collapse of a structure) or a major injury to a member of staff, pupil, visitor or other third party - this must be reported to the Council's Health and Safety Service for action immediately, after taking any possible temporary measures to make the situation safe (any such reasonable costs will be reimbursed by the Council).

12.8. Contractors For Goods and Services

It should be ensured that when engaging contractors for goods and services that they conform to the appropriate Health and Safety standards in the goods and/or services they procure or commission, particularly where this may impinge upon the safety of staff, pupils or third parties on school premises. Particular attention is drawn to the potential direct legal liability for Health and Safety as a 'Client' under the "Construction (Design and Management) Regulations 2007" when engaging contractors on certain activities that are defined as construction work. Further information and guidance is available on the Schools H&S e-Handbook – or via the H&S team.

12.9. Failure to Discharge Obligations or Duties

Where a governing body or headteacher fails to discharge their obligations or duties as required by health, safety and environmental legislation or fails to comply with the Council's Policies, or health and safety guidance the Council will take the necessary action, having given appropriate notice in the circumstances of their intention to do so, to remedy any failure (including undertaking such physical repairs and maintenance works considered necessary) and reserves the right to charge the cost to the school's budget. See section 6(iv).

SECTION 13: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

13.1. LA continuing responsibility

Following delegation of the revenue budget for R&M, the property maintenance role of the LA has diminished. In future, the LA will focus principally on major capital works and strategic asset management. In exercising its “landlord” and employer function at Community schools, and in respect of its liabilities at other schools, the LA will monitor the upkeep of premises by governing bodies in order to satisfy itself that standards are maintained and regulatory functions are undertaken.

13.2. Governors' responsibilities for premises

The effect of the general delegation of this budget is that from April 1999 all schools have the main responsibility for the upkeep and maintenance of premises. Headteachers and Governing Bodies are required to maintain their premises to a reasonable and acceptable standard with due attention to Health and Safety and regulatory requirements. Schools are expected to address all structural R&M (responsive and planned), and execute routine contractual and servicing works necessary to ensure the safe and proper operation of plant and systems.

The responsibilities of schools includes the following:

- All responsive repairs, maintenance and renewals
- All planned repairs, maintenance and renewals
- Fire and Security Service contracts (alarms, extinguishers etc.)
- Heating and ventilation service contracts
- Maintenance and inspection of hot water cylinders
- Maintenance of energy controls
- Safety treatment to water services
- Testing and inspection of stage lighting
- Periodic testing and inspection of mains electrical services and systems
- Periodic testing of emergency lighting systems
- Periodic testing of lightning conductors
- Periodic testing of portable electrical equipment
- Lift maintenance service contracts
- Maintaining asbestos records
- Establishing/maintaining envirosafe record systems (water services)
- Safety glazing upgrade works
- All tree works

This list is not intended to be exhaustive but covers the main areas of responsibility.

The LA will establish a definition of the division between Revenue and Capital expenditure in line with the CIPFA Code of Practice.

The Authority will consider Capital Bids except where those bids are below stated financial limits. The current figures are £20,000 for Primary and Special Schools and £30,000 for Secondary Schools. These amounts may be altered in subsequent years.

All individual works up to the value of these figures are the total responsibility of the school. Schools are able to refer individual works in excess of the threshold limits to the LA as a Capital Bid.

In addition, some works without financial limit will be the responsibility of schools, e.g. internal and external decoration, all glazing repairs, swimming pools, and all floor finishes. Further information will be made available to schools on this division of liability.

The Authority recognises that some schools might not wish to take on direct premises management and might elect to enter into a 'pooling' arrangement in collaboration with other schools (see 'Pooled Schemes' below). This would not, however, form any part of the delegation scheme and it must be stressed that each governing body retains separate responsibility for ensuring adequate premises maintenance and repair of its premises from its delegated budget share.

13.3. Arrangements for managing delegated R&M funding

The general delegation of the structural R&M revenue budget involves a substantial shift of responsibility for the upkeep of schools to Headteachers and Governors. It necessitates schools needing, in many cases as direct clients for the first time, to seek professional advice and guidance in order to discharge their duties and responsibilities.

All schools should give consideration to their local arrangements and obtain advice about ongoing professional technical support. Where appropriate, schools are advised to engage consultants to advise on and possibly to manage all or part of their building maintenance expenditure.

13.4. 'Pooled' Schemes

Where governing bodies elect to collaborate with others in a 'pooling' arrangement for the management of their structural R&M budget, the LA advises that agreed mechanisms should be established at the outset for the management of such a scheme and for any pre-planned (programmed) works.

The pooling could be based on set contributions from each participating school for responsive maintenance and ongoing service contracts, but separate commissions from individual schools might also need to be initiated (outside of the pooling arrangement) for some pre-planned works.

Schools choosing to enter into a pooling arrangement would probably find it necessary to establish a Steering Group or Management Committee to work in conjunction with the LA's consultants, or other contractor in order to oversee the general operation of the pool, give directions about practices and procedures to be adopted and agree payment and monitoring arrangements. LA officer involvement would probably need to be agreed also, as 'arbiter' or 'honest broker' to the scheme.

SECTION 14: COMMUNITY FACILITIES

14.1. Legal Framework

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities that may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28(1), the main limitations and restrictions on the power will be

- a. those contained in schools' own instruments of government, if any; and
- b. in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

See Annex F for further details.

SCHOOLS TO WHICH THE KINGSTON SCHEME APPLIES

NURSERY SCHOOL

Surbiton Children's Centre Nursery, Alpha Road, Surbiton, KT5 8RS

PRIMARY SCHOOLS

Community Schools

Alexandra Infant School, Alexandra Road, Kingston upon Thames, KT2 6SE

Burlington Infant School, Burlington Road, New Malden, KT3 4L

Burlington Junior School, Burlington Road, New Malden, KT3 4LT

Castle Hill Primary School, Buckland Road, Moor Lane, Chessington, KT9 1JE

Coombe Hill Infant School, Coombe Lane West, Kingston upon Thames, KT2 7DD

Coombe Hill Junior School, Coombe Lane West, Kingston upon Thames, KT2 7DD

Ellingham Primary School, Ellingham Road, Chessington, KT. 2JA

Fern Hill Primary School, Richmond Road, Kingston upon Thames, KT2 5PE

Grand Avenue Primary School, Grand Avenue, Tolworth,

Green Lane Primary School, Green Lane, Worcester Park, KT4 8AS

King Athelstan Primary School, Villiers Road, Kingston upon Thames, KT1 3AR

King's Oak Primary School, Dickerage Lane, New Malden, KT3 3RZ

Knollmead Primary School, Knollmead, Tolworth, KT5 9QP

Lime Tree Primary School, South Bank Terrace,KT6 6DG

Lovelace Primary School, Mansfield Road, Chessington, KT9 2RN

Malden Manor Primary School, Lawrence Avenue, New Malden, KT3 5NB

Maple Infants School, Maple Road, Surbiton, KT6 4AL

Robin Hood Primary School, Bowness Crescent, Kingston Vale, SW15 3QL

Tolworth Infant School, School Lane, Tolworth, KT6 7SA

Tolworth Junior School, Douglas Road, Tolworth, KT6 7SA

Voluntary Aided Schools

Christ Church New Malden C of E Primary School, Lime Grove, New Malden, KT3 3TW

Christ Church C of E Primary School, Pine Gardens, Surbiton, KT5 8LJ

Corpus Christi RC Primary School, Chestnut Grove, New Malden, KT3 3JU

Malden Parochial Primary School, The Manor Drive, Worcester Park, KT4 7LW

Our Lady Immaculate RC Primary School, 399 Ewell Road, Tolworth, KT6 7DG

St. Andrew's & St. Mark's C of E Junior School, Maple Road, Surbiton, KT6 4AL

St. John's C of E Primary School, Portland Road, Kingston upon Thames, KT1 2SG

St. Joseph's RC Primary School, The Fairfield, Kingston upon Thames, KT1 2UP

St. Mary's C of E Primary School, Church Lane, Chessington, KT9 2DH

St. Matthew's C of E Primary School, Langley Road, Surbiton, KT6 6LW

St. Paul's C of E Primary School, Orchard Road, Chessington, KT9 1AJ

St. Paul's C of E Junior School, Princes Road, Kingston upon Thames, KT2 6AZ

Foundation School

St. Luke's C of E Primary School, Elm Road, Kingston upon Thames, KT2 6HS

Lime Tree Primary School, South Bank Terrace, Surbiton, KT6 6DG (Opens 3 September 2012)

SECONDARY SCHOOLS

Community School

Chessington Community College, Garrison Lane, Chessington, KT9 2JS

DEFINITION OF FORMULA FACTORS 2014/15**SCHOOLS BLOCK**

1. The permissible factors as agreed by the Schools Forum and the Council and as endorsed by the Education Funding Agency EFA are summarised below with further detail in the following paragraphs.

Factor	Unit	2014/15 £/unit
Primary AWPU / Basic Entitlement	NOR less number of approved places in SRPs	2,951
KS3 /KS4 AWPU Basic Entitlement	NOR less number of approved places in SRPs	4,216
Primary School Lump Sum	Per school	175,000
Secondary School Lump Sum	Per school	175,000
Deprivation	FSM Pupils	3,055
Primary Low Cost High Incidence SEN	Relevant pupils	1,263
Secondary Low Cost High Incidence SEN	Relevant pupils	784
English as an Additional Language	Relevant pupils	109
Mobility	Relevant pupils	18,690
Looked After Children	Relevant pupils	N/A
Split Sites	N/A	85,378
Rates	Actual cost	N/A
Use of Recreation Centre	Actual Cost	N/A
Minimum Funding Guarantee	Actual cost	N/A

BASIC ENTITLEMENT

2. The Basic Entitlement for mainstream schools is based upon on the number of pupils, weighted by sector, as recorded by the Annual Schools Census in the October preceding the start of the relevant financial year.
3. More precisely, the numbers of pupils used to calculate the Basic Entitlement is the Numbers on Roll (NOR) excluding Early Years and Years 12 and 13 and also reduced by the numbers of agreed places in Specialist Resourced Provision (SRPs).

4. An age weighted pupil unit AWPU is applied to those numbers. It is age weighted only in so far as a different amount is used for Primary and Secondary Schools

Primary: Secondary 1: 1.43

5. Pupils in nursery classes or the nursery school are funded under the Early Years Single Funding Formula described in that Section.
6. Pupils over 16 are funded from the EFA, although the amounts notified by the EFA will be passed through the Council and added to Delegated Budgets.

LUMP SUM

7. A lump sum of £175,000 will be included in each mainstream school's budget share.

RELEVANT PUPILS

8. In each of the factors below the numbers of relevant pupils is applied to a per relevant pupil amount. In each case the number of relevant pupils is found by applying a percentage (given to us by the EFA) to the NOR less the number of agreed places in SRPs. The percentage is calculated by the EFA from the characteristics of the school as a whole or in some case e.g. Low Cost High Incidence SEN from those years in which meaningful data exists.

DEPRIVATION

9. Each mainstream school will receive a per pupil amount for each relevant pupil. The number of relevant pupils overall is the percentage of pupils receiving free school meals times the NOR after deducting the number of agreed SRP places.

LOW COST HIGH INCIDENCE SPECIAL EDUCATIONAL NEEDS (LC HI SEN)

10. Each mainstream school will receive a per relevant pupil amount for each LC HI SEN pupil. Because the measures used for Primary and Secondary School are very different, the per relevant pupil amounts are also different.
11. For primary schools there is a composite measure. In 2013/14 the measure was based upon percentage of pupils who scored less than 78 in the Early Years Foundation Stage Profile EYFSP. In 2014/15 this data still exists for Years 2 to 5 but for Y1 the EYFSP is entirely different and the relevant measure is the numbers of pupils who did not achieve satisfactory development. The numbers caught by the latter measure are significantly larger than those in the former and so a weighting of 33.38% is applied to produce comparable measures.
12. For secondary schools the LC HI SEN pupils will be those who do not achieve level 4 in either English or Maths at KS2. In 2013/14 the measure was the number of pupils who did not achieve level 4 in both Maths and English at KS2.

ENGLISH AS AN ADDITIONAL LANGUAGE

13. Each mainstream school will receive an amount for each relevant pupil. The number of relevant pupils is the percentage of pupils notified as having English as an Additional Language in any of the Autumn Censuses from 2011 to 2013 applied to the NOR after deducting the number of agreed SRP Places.

PUPIL MOBILITY

14. Pupil mobility is where pupils have joined a school at any time other than the normal admission time.
15. For Primary Schools that is pupils who have joined other than in September or January and for Secondary it is September.
16. Amounts can only be paid where the percentage of such pupils is greater than 10% of the overall pupil numbers.
17. If the above criteria is satisfied, the number of relevant pupils is the percentage of mobile pupils less the 10 percentage points (needed for to satisfy the criteria) applied to the NOR after deducting the number of agreed places in SRP.

RATES

18. This element of the formula will allocate funding to schools to enable them to cover the actual costs of business rates. An estimate will be used in the case of a new school where the Rateable Value has not yet been set. The Budget Share will be re-determined in-year in the event of a change in rates liability.

SPLIT SITES

19. In the case of a school where teaching is normally carried on in buildings on two or more sites more than 200 metres apart and separated by a public road they shall receive an additional allocation of £85,378.

BASIC NEED PUPIL GROWTH FUND

20. Funding will be available to those schools that take on additional classes on a planned basis to meet the identified basic need for additional places for pupils in Kingston schools (i.e. commissioned by the Director of Learning & Children's Services).
21. Initial Years Pupil Funding - the pupil numbers used to calculate the Basic Sum are those of the autumn census prior to the start of the financial year. Where a school takes on an additional class in the autumn term during a financial year and the numbers are not included in the previous year's census, they will be eligible to receive additional funding equivalent to 7/12 of the Basic Sum for the estimated numbers of pupils in the growth class.

22. Subsequent Years Pupil Funding (as the additional class moves through the school) - the pupils numbers used to calculate the Basic Sum are those of the autumn census prior to the start of the financial year. Funding will be allocated to provide for additional classroom materials or books as the class moves up through the school at a rate of £70 per pupil per annum.
23. Protection funding for subsequent years - the intention is that no school should be financially disadvantaged from agreeing to host an additional class to help meet a need for places in the local community. In some cases demand may not quite reach the level initially reflected in applications and consequently some of the additional places may be vacant. As the affected cohort passes through the school it is unlikely there will be a significant variation in the number on roll. It is therefore appropriate to provide some financial protection should the number of surplus places be significant. The funding will be paid where the total number on roll in any affected year group falls below 95% of the agreed admissions numbers. Funding equivalent to 1/30th of the cost of a teacher (based on Main Scale 6 plus on-costs) will be allocated for each surplus place in the year group below 95% of the agreed admission number. This equates to £1,567 per surplus place for 2014/15.
24. Expansion of New Schools - new schools will receive funding equivalent to 7/12 of the Basic Sum as they expand. However where there is insufficient data to calculate properly other factors (e.g. as based on historical data), this will be done by reference to other comparable schools as advised by the Director of Learning & Children's Services.
25. In exceptional circumstances where a school needs to admit a pupil into a Key Stage 1 class for a reason other than as an 'excepted pupil' under the School Admissions Code additional funding will be made available, if necessary, to enable the school to take relevant measures to comply with the infant class size regulations. The maximum allocation will be equivalent to the cost of an additional teacher (based on Main Scale 6 plus on-costs) for a period of three academic years.
26. Pupils above published admission numbers – if a school or Academy agrees to take one or more additional pupils at Key Stage 1 which would take them above their published admission numbers for the relevant year group, additional funding will be provided on the following basis:
- The number of eligible pupils to be funded is those pupils over the published admission numbers who remain in the school at the end of each half term.
 - Funding will be paid in respect of each eligible pupil based upon 1/6th of the age weighted pupil unit (AWPU) amount for the relevant financial year.
 - Funding will be paid each half term in arrears.

- Funding will be limited to the time period prior to the additional pupil(s) attracting funding through the usual funding formula allocations (a maximum of ten half terms).

MINIMUM FUNDING GUARANTEE (MFG)

27. Regulations provide that the amount a school receives per pupil must be a minimum percentage of the equivalent amount received in the previous year. This percentage is set by the EFA and can vary from one year to the next but the 2014/15 per pupils funding needs to be at least 98.5% of the 2013/14 equivalent. The minimum level of funding is to be calculated for all mainstream schools and overrides the result of the funding formula if that is lower. The Schools Forum has also agreed that a similar 1.5% Cap should apply to increases in funding.
28. The MFG only applies to pupils in the age range 5-16 and so early years and post 16 funding and numbers of pupils are automatically excluded from the calculation. The following are also excluded.
- High Needs Allocations including the Matrix and Specialist Resourced Provision funding
 - Lump Sum, the 2014/15 amount is deducted from both years.
 - Rates

CENTRALLY RETAINED, DELEGATED AND DEDELEGATED BUDGETS

29. The costs of the central Admissions Service (£246,500) have been retained as a top slice from the Schools Block. This is a statutory duty of the Authority but the Schools Forum can decide if the Schools Block can be top sliced to fund them. This was agreed at the meeting on 23 January 2014.
30. Funding for Combined Services (Every Child Matters) (£164,000) and the Administration of the Schools Forum (£1,000) have also been retained centrally through top slices of the Schools Block. These were also agreed by the Schools Forum on 23 January 2014.
31. With the exception of Admissions, budgets for the above are restricted by regulations to the 2013/14 levels in cash terms.
32. Budgets for Targeted Support for Failing Schools (£66,584), Union Duty Cover (£25,598), Pupil Support Services (£263,014) and Ethnic Minority Achievement LSE Inspectorate and Advisory (£130,795) are to be delegated to all schools and de-delegated back to the authority by maintained primary schools. These last two services are wholly or largely used by primary schools and all have been agreed by the relevant sections of the Schools Forum.

HIGH NEEDS BLOCK

33. The High Needs Block has a number of different elements which are described below.

34. Funding per agreed place for the under 16s within local special schools (£10,000 per place), secondary, primary and nursery Specialist Resourced Provision (£10,000 per place) and Alternative Provision e.g. Pupil Referral Unit (£8,000 per place) within the Borough. Where these schools are maintained it will form the schools' or units' Delegated Budget.
35. A centrally retained fund used to top up the costs of High Needs pupils in maintained schools, academies, special schools and Further Education Colleges, inside or outside of the Borough. The top up is the amounts over the per place funding above. This does not form part of the Delegated Budget.
36. Centrally retained funds to top up the Pupil Referral Unit for full time placements and on behalf of schools (short term placements).
37. Centrally retained funds used for other High Needs Services as shown below.

Service	£
Boarding School - Children in Need	65,000
Secondary Collaborative Anstee Bridge	100,000
Invest to Save' Capital Borrowing	141,000
Education otherwise than in school	148,300
Education Welfare	59,300
Specialist SEN support (ASfl)	220,600
Pre-school SEN service (Portage)	101,600
Support Services (Procurement, Finance, NKC)	15,700
Total	851,500

38. Enhanced Specialist Teaching Arrangements (ESTAs)

Where a service level agreement has been made between the Local Authority and a School for the provision of an ESTA, the annual funding for the operation of the ESTA shall be in accordance with the terms of the service level agreement, including funding for:

- Initial professional development of the whole school staff;
- Ongoing professional development for a named teacher;
- An allowance for ASD specialist teacher time depending on the number of ASD pupils at the school; and
- Such other items as may be specified

39. Mainstream Schools are required to meet the first tranche (£6,000) of costs of SEN pupils who are identified within the matrix. Where the sum of those first tranches for all such pupils in a school is greater than the allocation made under the Low Cost High Incidence SEN part of the mainstream schools formula, the school will receive the difference as part of the High Needs Block.

EARLY YEARS BLOCK

40. The hourly rates for different types of provision are given below.

Type of provision	Hourly rate
Maintained nursery class	£3.38
Maintained nursery school	£6.11
PVI providers	£3.98

41. The two year old hourly rate is

2 year old provision PVI	£6.35
2 year old provision maintained	£5.80

LUMP SUM

42. By its nature the Maintained Nursery School is able to provide support to other Nurseries through training, professional development and outreach support for mainstream and SEN pupils. To recognise this service and the costs there is a Lump Sum of £37,646 for this category of Nursery provision.

DEPRIVATION SUPPLEMENT

43. The authority is required to include a factor for deprivation in its Early Years Single Funding Formula. Free school meals are used within the main schools formula as an indicator of deprivation, but because of the limited nursery hours many children do not take meals at school and so free school meals are not an adequate deprivation measure for nursery.

44. Instead the authority measures deprivation using Child Poverty Data published by the Department for Work and Pensions.

45. In essence, England has been divided into a number of Super Output Areas (SOAs) and these have been ranked using the number of Tax Credit claimants in each area. Each child's postcode has been recorded in the Census and so each can therefore be allocated to an SOA. It is then possible to calculate which pupils fall within a band of the 15% most deprived.

46. The supplement is paid in two elements:

- A supplement of 27p per qualifying child hour for each pupil falling with the 15% most deprived band, equivalent to £153.90 over a year; plus
- A further supplement of 11p per qualifying child hour to settings where more than 25% of their nursery pupils come from addresses within the 15% most deprived band.

FREE SCHOOL MEALS

47. Because not all Early Years children stay for meals, free schools meals are not in themselves an adequate indicator of deprivation however they can be an important inducement for parents from the most deprived parts of the Borough to take up nursery places. The costs of free school meals are therefore included as a supplement within the deprivation factor.

FLEXIBILITY

48. There are a very small number of pre-schools and day nurseries who offer the minimum free 15 hours entitlement, as most models offered include additional services which have a cost implication for parents. These few providers are essential in enabling Kingston to ensure that there are sufficient places and the pattern of provision is crucial to encourage the take up of the service by those who could most benefit by it. However not having the additional income from parents it is difficult for those providers to sustain this pattern of provision. Such providers will receive a single payment of £2,000.

49. The budget for Early Years Advisory Teachers (£237,500) will be included in the Early Years Block and in 2014/15 Trajectory Funding (£289,465) to build capacity for 2 year olds.

SUMMARY OF MINIMUM INSURANCE COVER FOR SCHOOLS

Please note that this is not a statement of cover provided under the Authority's policy.

1. MINIMUM INSURANCE COVER REQUIREMENTS: COMMUNITY AND FOUNDATION SCHOOLS

Community and Foundations schools taking out their own insurance must secure, as a minimum, insurance coverage that is at least as good as those stated here.

These requirements do not include the optional computer extension, or motor insurance, which are currently provided for under the Council's current policy.

Cover may be conveniently divided under the following headings:

1.1 Fire, Lightning, Explosion, Aircraft, Riot and Civil Commotion, Storm, Flood, Malicious Damage, Earthquake, Escape of Water, Impact

This covers Loss or Damage to the school building, fixtures, fittings and all other contents belonging to the school. This excludes the first £500 of any loss.

1.2 Additional Expenditure

This covers any additional expenditure incurred in avoiding or diminishing the interruption of, or interference with, the operation of the school, as a direct result of any of the insured perils, as listed above.

1.3 Theft

This covers the theft of school property, excluding the first £500 of any loss. The definition of theft includes forcible or violent entry to, or exit from, the school building.

1.4 Employers Liability

The Limit of Indemnity is £50,000,000. This indemnifies the Council, all staff, Governors and authorised volunteers in respect of their legal liability for accidental bodily injury to any person, or damage to property not belonging to the insured, that arises in the course of their official or voluntary duties.

1.5 Public Liability

The Limit of Indemnity is £50,000,000. This indemnifies the Council in respect of all sums which they may be legally liable to pay as damages, claimant's costs, and expenses for accidental injury to any person (other than a member

of staff, Governor, or authorised volunteer), or accidental damage to property not belonging to the Insured.

1.6 Officials Indemnity

The Limit of Indemnity is £5,000,000. This indemnifies the Governors and all staff in respect of their legal liabilities for Financial Loss arising as a result of a negligent act, accidental error, or omission in the course of their official duties.

1.7 Fidelity Guarantee

The Limit of Indemnity is £5,000,000. This indemnifies the Governors and all staff in respect of money or other property belonging to the Council or school occurring as a direct result of any act of fraud or dishonesty committed by any member of staff or Governor. The first £500 of any loss is excluded.

1.8 Libel and Slander

The Limit of Indemnity is £5,000,000. This indemnifies all staff and Governors in respect of all sums that they may become legally liable to pay as damages for libels (written) or slanders (spoken) arising out of, and in the course of, the discharge of their official duties.

Governors are required to bear 10 percent of all sums payable on their behalf. Losses arising from malicious falsehood or injurious falsehood are not covered.

1.9 Money

Loss of money is covered, subject to suitable security arrangements being undertaken. The first £250 of any loss is excluded.

The limits for loss of money include the following, which is not an exhaustive list.

- a) From an approved locked safe – up to the individual limit as advised by the insurers
- b) From any other locked safe - £500
- c) From any other locked receptacle - £500
- d) In the custody of an employee in transit, or under the actual supervision of employees at the school - £7,500

1.10 Engineering

a) All schools that have pressure plant or lifting equipment must ensure that they comply with the Statutory Inspections.

b) Engineering Insurance covers damage to boilers and other plant. The first £500 of any loss is excluded.

2. MINIMUM INSURANCE COVER REQUIREMENTS: VOLUNTARY AIDED SCHOOLS

Voluntary Aided (VA) schools taking out their own insurance must secure, as a minimum, insurance coverage that is at least as good as those stated here.

These requirements do not include the optional computer extension, or motor insurance, which are currently provided for under the Council's current policy. Cover may be conveniently divided under the following headings:

2.1 Fire, Lightening, Explosion, Aircraft, Riot and Civil Commotion, Storm, Flood, Malicious Damage, Earthquake, Escape of Water, Impact

This covers Loss or Damage to the school building, fixtures, fittings and all other contents belonging to the school. This excludes the first £500 of any loss.

2.2 Additional Expenditure

This covers any additional expenditure incurred in avoiding or diminishing the interruption of, or interference with, the operation of the school, as a direct result of any of the insured perils, as listed above.

2.3 Theft

This covers the theft of school property, excluding the first £500 of any loss. The definition of theft includes forcible or violent entry to, or exit from, the school building.

2.4 Employers Liability

The Limit of Indemnity is £50,000,000. This indemnifies the Council, all staff, Governors and authorised volunteers in respect of their legal liability for accidental bodily injury to any person, or damage to property not belonging to the insured, that arises in the course of their official or voluntary duties.

2.5 Public Liability

The Limit of Indemnity is £50,000,000. This indemnifies the Council in respect of all sums which they may be legally liable to pay as damages, claimant's costs, and expenses for accidental injury to any person (other than a member of staff, Governor, or authorised volunteer), or accidental damage to property not belonging to the Insured.

2.6 Officials Indemnity

The Limit of Indemnity is £5,000,000. This indemnifies the Governors and all staff in respect of their legal liabilities for Financial Loss arising as a result of a negligent act, accidental error, or omission in the course of their official duties.

2.7 Fidelity Guarantee

The Limit of Indemnity is £5,000,000. This indemnifies the Governors and all staff in respect of money or other property belonging to the Council or school occurring as a direct result of any act of fraud or dishonesty committed by any member of staff or Governor. The first £500 of any loss is excluded.

2.8 Libel and Slander

The Limit of Indemnity is £5,000,000. This indemnifies all staff and Governors in respect of all sums that they may become legally liable to pay as damages

for libels (written) or slanders (spoken) arising out of, and in the course of, the discharge of their official duties.

2.9 Money

Loss of money is covered, subject to suitable security arrangements being undertaken. The first £250 of any loss is excluded.

The limits for loss of money include the following, which is not an exhaustive list.

- a) From an approved locked safe – up to the individual limit as advised by the insurers
- b) From any other locked safe - £500
- c) From any other locked receptacle - £500
- d) In the custody of an employee in transit, or under the actual supervision of employees at the school - £7,500

2.10 Engineering

- a) All schools that have pressure plant or lifting equipment must ensure that they comply with the Statutory Inspections.

Engineering Insurance covers sudden and unforeseen damage or breakdown to boilers and other plant. The first £500 of any loss is excluded.

ANNEX D

ROYAL BOROUGH OF KINGSTON UPON THAMES

CHEQUE BOOK SCHEME

1. PARTICIPATING SCHOOLS

The Government's new Fair Funding policy requires LAs to allow any school to request that it operates its own bank account, into which its whole budget share may be paid.

2. IMPLEMENTATION DATE

Any school is able to operate its own bank accounts if desired.

2.1. Period of Notice

Arrangements for any school wishing to opt for a bank account may only be made from the beginning of each financial year, after giving three months notice. The Bank Account must be in the name of the school.

2.2. Deficit Balance from previous year

Any school requesting a bank account shall not be able to have one until any deficit is cleared.

The following rules will govern payments to and from the cheque book account

3. USES OF THE CHEQUE BOOK ACCOUNT

The following rules govern payments to and from the cheque book account:

3.1. It must meet:

- **ALL** expenditure included in delegated budgets
- **ALL** earmarked funding from central funds such as Standards Fund, Pupils for Statements (where applicable). All expenditure credited to a school for such expenditure **MUST** be accounted for separately.

3.1.1. It **MUST NOT** meet;

- **ANY** items relating to unofficial funds
- **ANY** non-LA activities such as unsubsidised school trips.

3.1.2. It can receive money **ONLY** from:

- advances from RBK
- VAT and tax reimbursements
- any income which may be generated (e.g. lettings)
- contributions towards school expenditure by charities, school funds etc.

4. INVESTMENTS

It will not be possible for a school with a Bank Account to invest any monies with the Authority. However, any school wishing to invest in any other institution should refer to Appendix 1 for guidance and Appendix 2 for the list of approved banks and building societies.

5. OVERDRAFTS AND BORROWING BY SCHOOLS

5.1. Overdrafts

Schools **MUST NOT** overdraw their bank account or make arrangements with their bankers for overdrafts, loans or other forms of credit or deferred purchases. Schools **MUST NOT** themselves offer any security to the bank.

5.2. Borrowing by Schools

Governing Bodies may borrow money **ONLY** with the written permission of the Secretary of State. (This does not apply to loans to be repaid from voluntary funds held by Voluntary Aided or Foundation Schools, whose borrowing, as private bodies, makes no impact on Government accounts.) Any such debts may not be serviced directly from schools' delegated budget shares. However, schools are free to agree to charge for any service which the Trustees or Foundation may provide as a consequence of their own borrowing.

6. BANKING ARRANGEMENTS

The Authority's Scheme for Financing Schools under Section 48 of the School Standards and Framework Act 1998 states:

"The Director of Finance will maintain a list of at least ten banks or building societies at which accounts may be held for the purpose of receiving budget share payments"

6.1. Restrictions on Accounts

Under the Kingston Scheme, a school may choose to operate its bank account at any branch of any established clearing bank or building society included in the approved list attached as Appendix 2 to this Scheme. Other banks and institutions may be considered by the Director of Finance for inclusion on the list. The Director of Finance may revise the list from time to time.

Schools **MUST** notify Learning and Children’s Services Finance of the bank(s) used and the numbers of all accounts opened.

6.2. Costs of the Scheme

6.2.1. Banking Costs

Any charges made by the bank chosen by the school will be met from within the School Budget Share

6.2.2. Interest on Bank Accounts

Schools will retain any interest earned by their account, and bear any overdraft charges arising in the event of unauthorised overdrawn. Please refer to Section ‘5’ - Overdrafts.

6.3. Authorising Payments

ALL cheque payments from a school bank account will require two authorised cheque signatories. The Head Teacher shall maintain an approved list of signatories including specimen signatures, a copy of which will be sent to Learning and Children’s Services Finance.

7. CREDITING THE ACCOUNT

7.1. The bank account of each participating school will be credited as follows:

	Proportion of Total Relevant Budget
1 st April	3.00%
28 th April (or previous working day)	8.33%
28 th May (or previous working day)	8.33%
28 th June (or previous working day)	8.33%
28 th July (or previous working day)	8.33%
28 th August (or previous working day)	8.33%
28 th September (or previous working day)	8.33%
28 th October (or previous working day)	8.33%
28 th November (or previous working day)	8.33%
December (relevant previous working day)	8.33%
28 ^h January (or previous working day)	8.33%
27 February (or previous working day)	8.33%
28 ^h March (or previous working day)	5.37%
TOTAL	100.00%

The normal Authority payday is the 29th of each month and salary costs will be deducted on 29th of each month or the nearest previous working day. Where, exceptionally, the Borough pay day is varied, advances will be made on the previous banking day.

7.2. Adjustments to Instalments

Adjustments which arise from the overall surplus or deficit from the financial year preceding the opening of the school's own bank account, will be made by or to the September instalment, plus interest at the 7 day money market rate for the period from April.

7.3. Interest Charges made by the Local Authority

In the case of sums becoming due from a school to the Authority, interest at the 7 day money market rate, will become due if the debt is not settled within 28 days of the date of the invoice, unless a bona fide query is unresolved and payment is deferred with the agreement of both parties.

8. FINANCIAL PROCEDURES

8.1. Schools must ensure that all transactions on their bank accounts comply with the Authority's Financial Regulations for Schools and with relevant, current accounting instructions and procedures issued by the Director of Finance and/or the Director of Learning and Children's Services.

8.2. Schools must keep their records in such a manner that allows provision of analysis of income and expenditure in the form(s) as may reasonably be required by the Director of Finance and/or Director of Learning and Children's Services. This information may be used for monitoring and budgetary purposes, for compilation of returns prescribed by the Government, and for other purposes.

8.3. Adequate accounting and other financial records shall be maintained by schools and these shall be subject to audit by the Authority's external and internal auditors.

8.4. Delegated Payroll

8.4.1. Schools with their own bank accounts are responsible for appointing and paying a contractor to calculate and make all associated payments, including net pay, and accounting for all tax, national insurance and superannuation contributions and other deductions from pay.

8.4.2. Schools may appoint the Council's payroll contractor subject to the terms and conditions of the Council's overall contract and to such other conditions as may be appropriate. The amount of net pay due on paydays and other settlement days will be claimed from the school's bank account under direct debit arrangements.

8.4.3. Schools may appoint any other payroll contractor subject to the approval of that contractor, which shall not be unreasonably withheld, by the Director of Finance.

8.4.4. Schools shall be responsible for making all payroll and associated payments (including Income Tax deductions, National Insurance contributions (employer's and employee's), superannuation contributions (employer's and employee's) and any other relevant payments by or on the specified dates. Any interest or other penalty levied as a result of failure to make payments on time shall be borne by the school.

8.5. Construction Industry Tax Deduction Scheme H.M. Revenue and Customs

If a school fails to comply with the requirements of the Construction Industry Tax Deduction Scheme, or any other requirement of H M. Revenue and Customs, and as a consequence additional tax, National Insurance contributions, interest or penalty becomes payable by the Authority, then such additional cost shall be borne by the school's delegated budget.

9. VALUE ADDED TAX

9.1. Schools will initially bear the cost of VAT from within the advances of their School Budget Share. Each month a claim must be submitted to the Authority (Learning and Children's Services Finance) within 14 days of the end of each monthly accounting period:

9.2. VAT Returns

Upon receipt of the returns, the Authority will reimburse the VAT to the school within 28 days. Late reimbursements will attract interest at the seven-day money market rate.

9.3. Non Compliance

If a school fails to comply with any VAT laws, procedures or Revenue and Customs requirements and as a consequence additional tax, interest or penalty becomes payable by the Authority, then such additional cost shall be borne by the school's delegated budget.

10. STATEMENTS OF EXPENDITURE AND INCOME

10.1. Quarterly Statements

Schools must ensure that a Statement of Expenditure and Income is submitted to Learning and Children's Services Finance within 14 days of the end of each quarter.

First Quarter Report	End of June
Second Quarter Report	End of September
Third Quarter Report	End of December
Fourth Quarter Report	End of March

The format of the report will be agreed between the school and Learning and Children's Services Finance.

10.2. Annual Statement

A final statement for the financial year will be required at the end of June on a more detailed subjective basis to enable the LA to complete of statutory returns, including Consistent Financial Reporting.

11. THE CHEQUE BOOK SCHEME AND FMS

11.1. The SIMS Financial Management for Schools module (FMS) requires certain changes to be made to reflect that payments are to be made locally instead of centrally. Schools will not be able to utilise both methods.

11.2. Details of the school's bank account must be defined on the FMS system, e.g. Sorting Code and Account Number.

11.3. Schools must also define cheque books in the FMS system to match the school's own cheque books issued by their bank.

11.4. The FMS System is able to print advice slips for the school's records and an advice slip and cheque for the supplier. Several invoices from one supplier may be selected to be paid on one cheque.

11.5. Security

All cheque books and other stationery must be kept in a locked safe or, if there is no safe, in a locked cupboard or cabinet. All bank statements **MUST** be kept sequentially with evidence that a proper reconciliation has been carried out before filing.

11.7. The FMS system will produce, on request, a statement that can be compared against the Bank Statement to verify that cheques have actually been presented for payment and therefore completed in the system. The statement produced will list transactions to the close of business the previous day.

11.8. Schools must, on a monthly basis, reconcile all invoices paid from the cheque account and appearing on the Bank Statement. In addition, all staffing costs must be posted when the salaries and wages tabulations are received in school.

Appendix 1

INVESTMENTS

Investments may only be made directly in accounts of an approved bank that are clearly shown to provide no risk to the capital sum. Investments **MUST NOT** be arranged through any intermediaries (e.g. brokers, solicitors, accountants).

The investment **MUST** be in any current or deposit account (including single deposits) placed with a bank on the approved list. Deposit Account includes managed money market accounts, providing that the bank provides a written agreement incorporating a guarantee of the capital sum invested.

Because of the tax status of RBK, interest should be paid gross, without deduction of tax. If interest is paid net, a tax deduction certificate should be obtained and sent to the Director of Finance, who will obtain a reimbursement from HM Revenue and Customs and post this back to the school. A small charge may be made to the school for this service.

WHISTLEBLOWING POLICY

1 Introduction

1.1 What is Whistleblowing?

Someone blows the whistle when they tell someone in authority about a dangerous or illegal activity that they are aware of through their work. This can include health and safety risks, environmental issues, fraud, poor standards of care and other problems.

1.2 Why is Whistleblowing important?

The Council is committed to high quality services and being open, fair and honest.

Managers have a duty to prevent dangerous or illegal actions at work. All staff, including those who work for a contractor or agency, have an important part to play. Often it is only through whistleblowing that information comes to light.

1.3 Why does the Council need a Whistleblowing procedure?

This procedure:

- **Supports the Public Interest Disclosure Act.**
- **Gives you a way of raising concerns in a structured and supportive environment within the Council.**
- **Means that you can feel confident to bring up genuinely held concerns without fear of recrimination.**
- **Shows the Council's commitment to investigating and taking firm management action where wrongdoing may be proven.**
- **Encourages and enables you to raise concerns within RBK rather than overlooking problems or "blowing the whistle" outside the Council.**

1.4 Who can use the Council's whistleblowing procedure?

- All staff, whether full time or part time, permanent or temporary;
- Councillors;
- School Governors
- All staff working in schools (including volunteers and students);
- Contractors working for the Council on Council premises e.g. agency workers, builders or drivers; and

- The Council's external contractors and those providing services under a contract with the Council in their own premises e.g. care homes.

1.5 When should I raise a concern?

If you find out about activities that harm clients of the Council, colleagues working for the Council, or the Council itself. These may include:

- Illegal activities
- Miscarriages of justice
- Risks to health and safety
- Damage to the environment
- Misuse of public funds
- Fraud and corruption
- Abuse of clients
- Other wrongdoing, (including attempts to cover up wrongdoing)

For example, you could raise a serious concern about service provision, the actions of officers, or the actions of others acting on behalf of the Council, which:

- Fall below the Council's standards of practice, including the Council's Code of Conduct for Employees
- Are against the Council's Standing Orders and policies
- Amount to improper conduct

1.6 **How does this procedure fit with the Council's other procedures?**

This procedure does not replace the Corporate Complaints Procedure for people who use the Council's services, or the Social Services Guidance for Staff Concerned about Staff Conduct Regarding Service Provision.

The whistleblowing procedure is about concerns regarding the public interest. If you are concerned about an issue relating to your personal position at work, you should use the Grievance procedure or another Human Resources procedure.

1.7 **Role of Trade Unions**

The whistleblowing procedure has been developed in consultation with Staff Side Representatives and Teachers' Professional Associations and has their full support. Your trade union will advise you on raising concerns and/or support you in doing so, as appropriate.

2 The process

2.1 Who do I tell?

2.1.1 If you work for the Council:

You should raise any concerns with your line manager. But if you feel unable to do so or you are concerned about something serious, you may approach a senior manager, your Head of Service, Director or the Chief Executive. You can raise a concern by talking to someone or writing to them.

If you raise a concern with your line manager under this procedure you need to make sure that they know this.

If you suspect fraud or corruption, you may approach the Assistant Director of Finance - Audit.

Staff in Social Services may approach the Customer Services Officer, or any of the senior officers listed above.

2.1.2 If you work in a school:

You should approach the Head Teacher. But if you feel unable to do so or, you are concerned about something serious, you can approach the Chair of Governors, Director of Learning and Children's Services, Chief Executive, or the Assistant Director of Finance - Audit. You can raise a concern by talking to someone or writing to them.

2.1.3 If you work for an agency or are a temporary worker:

You should raise any concerns with your line manager. But if you feel unable to do so or you are concerned about something serious, you may approach a senior manager, your Head of Service, Director or the Chief Executive. You can raise a concern by talking to someone or writing to them.

2.1.4 If you work for a company that has a contract with the Council:

You should raise any concerns with the Head of Strategic Services, telephone number: 020 8547 5175. But if you feel unable to do so or you are concerned about something serious, you may approach the Assistant Director of Finance –

Audit, telephone number 020 8547 5660. You can raise a concern by talking to someone or by writing to them.

2.2 Is there any support available for me?

You can get the support of a staff representative, who may accompany you when raising a concern. Remember that by speaking up, it is not up to you to prove your concerns. However, you should be prepared to give the background and the reasons why you feel particularly troubled.

2.3 What is my role as a manager?

If a member of staff raised a concern with you, you should:

- i) Ensure you make a confidential record of the concerns raised
- ii) Then contact the Fraud Manager of the Internal Audit and Investigation Service for Richmond and Kingston or Human Resources who will advise on the next step in the process

It is your duty to pass this information on to the Fraud Manager of the Internal Audit and Investigation Service for Richmond and Kingston or your HR Business Partner or Employee Relations Manager to ensure that the appropriate action can be taken.

2.4 What happens next?

We will look into your concern to see what should happen. This may involve:

- An internal investigation
- An external auditor
- An independent inquiry
- The police

We will normally write to you within 10 working days of receiving your concerns. We will list them, tell you who is handling the matter, how you can contact them and whether we need your further help. We will also tell you where to get support if you need it.

2.5 What happens in an internal investigation?

If there is an internal investigation, a special investigations team will be set up. This team is responsible for gathering all relevant information and meeting with all relevant staff. The team may interview a number of staff.

When they have finished their investigation, they must produce a report on their findings. The report is then considered by senior management. Based on the findings, management will then decide what further action to take. This may include disciplinary action for anyone involved in any wrongdoing.

On the other hand, if the investigation finds that the concerns raised or allegations made by the person who has 'blown the whistle' are malicious, frivolous, or for personal gain, disciplinary action will be taken against them.

Depending on any legal restrictions on giving you information, we will let you know the outcome of any investigation.

2.6 Will I be involved in an investigation?

You may not want us to let people know that you have raised a concern. If we can investigate and resolve your concern without involving you, the Council will not involve you further. If we are not able to resolve the problem without telling someone else who you are, we will always talk to you first.

The Council encourages you to tell us who you are whenever possible as anonymous concerns are more difficult to investigate and the Council cannot protect your position or give you any feedback if we don't know who you are.

2.7 Will I get into trouble? And will anyone find out that I have 'blown the whistle'?

The Council does not allow the harassment or victimisation of anyone who raises a genuine concern. Harassment may result in disciplinary action.

But there may be a situation where you want to tell us of your concern and not let anyone else know that you have. If we are not able to resolve the problem without telling someone else who you are, we will always talk to you first.

2.8 Where can I get independent advice about raising a concern?

You can talk to:

- Your union
- An independent legal advisor
- The Independent Charity, Public Concern at Work, telephone number: 020 7404 6609. Their lawyers can give you free confidential advice on how to raise a concern about serious wrongdoing at work.

2.9 Can I take the matter further?

We encourage all staff to use the procedure. But if you are not satisfied with any action and you feel it is right to take the matter outside the Council, you can contact the following organisations:

- The Audit Commission - Tel No. 020 7828 1212
- External Audit (Guildhall 2) - Tel No. 020 8547 5599
- The Health and Safety Executive - Tel No. 020 7717 6000
- The Information Commissioner - Tel No. 01625 545745

2.10 What is the Public Interest Disclosure Act?

The Public Interest Disclosure Act provides workers with protection from dismissal or other damage as a result of making a disclosure of information in the public interest about wrongdoing at work. Such disclosures are protected if they are done according to the Act's provisions. Disclosures may be made to the employer, prescribed regulatory bodies or on a wider basis to the Police. The Act's protection is strongest where workers raise matters with their employers.

2.11 Telling other people confidential information

Giving out information about third parties to whom the Council owes a duty of confidence may not be protected under the Public Interest Disclosure Act. This may lead to disciplinary action. If you are in any doubt you should seek advice from your manager, union, lawyer or Public Concern at Work (020 7404 6609).

2.12 Who is responsible for this policy?

- The Chief Executive / Head of Human Resources has overall responsibility for supervising the use of this Procedure.
- The Head of Legal Services, who is the Statutory Monitoring Officer, must in appropriate cases report to the Council on any proposal, decision, or omission by the Council, or any of its Panels or Committees, the Cabinet or officers which contravenes the law or causes mal-administration or injustice.
- Managers must ensure that the Monitoring Officer is alerted in appropriate cases.

COMMUNITY USE OF SCHOOLS

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SECTION 1: INTRODUCTION

1.1 Application of schemes for financing schools to the community facilities power

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28(1), the main limitations and restrictions on the power will be

- a) those contained in schools' own instruments of government, if any; and
- b) in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

1.2 Mismanagement of community facilities funds

The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

SECTION 2: CONSULTATION WITH THE LA – FINANCIAL ASPECTS

2.1 Requirement to consult the LA

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local authority, and have regard to advice given to them by their LA.

Schools will be required to provide details of the proposed scheme, including a financial business plan, for consideration by the LA. The LA will provide guidance regarding the required format of this information.

2.2 Requirements relating to the provision of advice.

The LA is required to provide schools with advice within 6 weeks of being consulted, although the LA will seek to offer advice earlier, if at all possible. Schools are required to inform the LA of any action taken following receipt and consideration of the LA's advice, within 4 weeks of receiving such advice.

Section 3 provides additional information in respect of funding agreements.

SECTION 3: FUNDING AGREEMENTS – LA POWERS

3.1 Funding agreements with third parties

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party, which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.

The Authority's requirement in relation to funding agreements with third parties (as opposed to funding agreements with the Authority itself) are that any such proposed agreement should be submitted to the LA for its comments, giving the LA at least 4 weeks to allow adequate time to consider and respond.

The scheme may not impose a right of veto for the LA on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.

3.2 Agreements seriously prejudicial to the interests of the school or the Authority

Schools should be aware that, if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

SECTION 4: OTHER PROHIBITIONS, RESTRICTIONS and LIMITATIONS

4.1 Constraints on the exercise of the community facilities power

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority will work in partnership with schools to overcome, so far as it is practicable, any aspects of the proposed community use that would otherwise be contrary to the general requirements of the scheme for financing schools in place in Kingston.

The Authority may, if it wishes, propose other scheme provisions which it believes to be necessary for inclusion within this section. This option will be kept under review and, where the Authority feels additional provisions are required to safeguard the financial position of the Authority or school, or to protect pupil welfare or education, it will make application to the Secretary of State for this Scheme to be amended.

4.2 Property considerations

In considering any proposals for the provision of community facilities, the Authority will need to be satisfied regarding the use or change of use of buildings, access, fire and other safety aspects, restrictions on use (where covenants on use bar certain activities or limit the use of the building to educational use), provision of additional accommodation by third parties and the maintenance responsibilities and liabilities.

4.3 Projects with significant financial risk

The scheme may not give a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. The Authority may, however, require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.

The Authority is required to operate this provision in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

SECTION 5: SUPPLY OF FINANCIAL INFORMATION

5.1 Financial statements

Schools, which exercise the community facilities power, are required to provide the Authority every six months with a summary statement, in a form determined by the Authority. This must show the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

On giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, the Authority will require such financial statements to be supplied every three months. If the Authority sees fit, it may also require the submission of a recovery plan for the activity in question.

The Authority requires such information in order to ensure that schools are not at financial risk. Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share. The Authority will suspend the right to delegation, if necessary.

5.2 Agreements between schools and the Authority

These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the Authority as to the financial reporting requirements arising from the funding in question.

SECTION 6: AUDIT

6.1 Access to schools' records

The school is required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

6.2 Access to other records

In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools are required to ensure that such agreements contain adequate provision for access by the Authority to those persons, their records and other property held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on, and income from, the facilities in question.

SECTION 7: TREATMENT OF INCOME AND SURPLUSES

7.1 Retention of income

Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. Schools are also permitted to carry such retained income over from one financial year to the next as a separate community facilities surplus, or, subject to the

agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.

7.2 Schools ceasing to be maintained

If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

SECTION 8: PERSONNEL AND HEALTH AND SAFETY MATTERS

8.1 Employment of Staff

The personnel procedures and policies adopted by the school will apply to all staff employed by the school to undertake community facility activities.

8.2 Extension of health and safety provisions

The health and safety provisions of the main scheme are extended to the community facilities power exercised by schools. These include that the governing body is required to have due regard to duties placed on the LA in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Schools are reminded that where they directly employ a contractor using delegated funding, they must ensure that the contractor is competent, adequately insured and that the contractor has an appropriate health and safety policy and arrangements. The contractor should demonstrate to the school's satisfaction that they have considered all the health and safety implications of working on the school site.

Some work commissioned by schools may fall under the requirements of the Construction Design and Management Regulations 1994 and schools must ensure that all the requirements of these regulations are met.

8.3 Criminal records clearance

The governing body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

SECTION 9: INSURANCE

9.1 Schools' responsibilities for insurance arrangements

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary. All schools are required to provide information to the Authority to confirm the details of its insurance arrangements/cover for any community facilities provision. This enables the Authority to check that any insurable interest it may have is covered.

It may be necessary for insurance to be in the joint names of the governing body and the Council. All schools are strongly recommended to contact the Authority's Insurance Manager for advice on all issues relating to insurance, before they arrange any additional cover. All schools are required to seek the Authority's advice before finalising any insurance arrangement for community facilities.

9.2 LA's insurance responsibility

The LA is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. These provisions are necessary in order for the LA to protect itself against possible third party claims.

SECTION 10: TAXATION

10.1 Value Added Tax (VAT)

In general, schools may only make use of the LA's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds. The Authority will follow HM Revenue and Customs guidance (Notice 749 on local authorities) concerning the recovery of VAT where schools use donated funds.

The facility for local authorities to reclaim VAT can be used by schools in spending their budget shares, which by virtue of s.49(5) of the Act are the property of the LA. This facility also applies to funding given by the LA to schools outside the budget share.

Schools should, however, seek the advice of the LA (and the local VAT office) on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with

community facilities, including the use of the local authority VAT reclaim facility. The Authority will make further, specific advice available to schools, as appropriate.

10.2 School/LA employees

If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in the school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

10.3 Construction industry scheme

Schools are required to abide by procedures issued by the Authority in connection with Construction Industry Tax Deduction Scheme (CIS).

SECTION 11: BANKING

11.1 Banking arrangements

Where a school opts to provide community facilities, it must operate the same banking arrangements which it uses for its budget share. Schools will, therefore, either maintain a separate bank account with adequate internal accounting controls to maintain separation of funds or utilise LA banking arrangements which will require adequate separation of such community facility funds from the school budget share and other LA funds.

Each school, which does not have its own bank account, will receive an annual 'interest on balances statement' from the Authority for its community facilities cost centre. Surplus balances held by the Authority on behalf of a school's community facilities provision will attract interest at the annual average rate for seven-day notice loans and credited to the school's community facilities cost centre. Charges for interest on deficit balances will be calculated on the same basis and charged to the school's community facilities cost centre.

The Authority's main Scheme for Financing Schools continues to apply in respect of banking arrangement for schools. Annex D refers.

11.2 Bank accounts and signatories

The Authority's main Scheme for Financing Schools continues to apply in respect of banks which may be used, signing of cheques, the titles of bank accounts, and similar matters. Annex D refers.

11.3 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of

State. The Government's requirement on borrowing does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the LA when repaying loans.

Schools must notify the Director of Finance in advance of any proposed leasing arrangements or any other arrangements to delay or defer payment for goods or services. Any scheme, however described, which effectively spreads the cost of payments across financial years, is likely to fall into this category. Such arrangements may only be entered into after obtaining written approval from the Director of Finance.

Certain leasing arrangements (finance leases) count against the LA's capital finance programme and schools are not free to enter into such arrangements without specific written authority from the Director of Finance. Careful advice is needed as to what constitutes an operating lease or a finance lease.

FINANCIAL REGULATIONS FOR SCHOOLS

1. INTRODUCTION

- 1.1 Financial Regulations set out the principles that govern financial administration within the Authority. They are designed to ensure the proper administration of the Council's financial affairs as required under Section 151 of the Local Government Act 1972, and the Accounts and Audit Regulations 1996.
- 1.2 . These Regulations apply to the Governors, Head Teachers and others to whom functions have been delegated under the scheme of local management of schools.
- 1.3 . The Regulations do not prescribe the detailed administrative arrangements that each school will make to manage its financial affairs. They do, however, set out to ensure that the system of financial administration within each school shall meet the requirements of probity and regularity and to ensure that financial transactions are properly recorded in the statutory accounts.
- 1.4 . The Director of Finance shall be provided with any information necessary to enable him to comply with his statutory responsibilities, and otherwise to comply with these Regulations and shall be allowed access to documents and records for this purpose.
- 1.5 . The Governors shall keep the Director of Finance informed of any matter that is likely to have significant financial consequences, and he or his representative shall have the right to attend meetings of Governors to give advice or report on matters affecting his responsibility.

2. ACCOUNTING

- 2.1.. All accounting and financial systems operated by the school shall be maintained to the satisfaction of the Director of Finance.
- 2.2.. The accounts maintained by the Director of Finance are the Authority's statutory accounts, and the school's expenditure and income for a financial year shall be determined solely by reference to the statutory accounts.
- 2.3.. Head Teachers shall ensure that expenditure incurred and income received are charged or credited to the appropriate account.
- 2.4.. The Director of Finance, where necessary in conjunction with the Director of Learning and Children's Services, shall prepare, certify and otherwise deal with all claims for grants and other financial returns required by Government Departments and other Authorities unless he approves alternative arrangements.

3. INTERNAL AUDIT

- 3.1.. The Director of Finance shall carry out a continuous internal audit and appraisal of accounting and financial operations of the Local Authority, including all schools. For such purposes he, or his authorised representative shall be given access to all records and assets he considers necessary for the purposes of the audit, and shall be entitled

to receive from any council employee or Governor acting under delegated powers such information and explanation as he thinks necessary for that purpose.

- 3.2.. Governors and Head Teachers shall forthwith notify the Director of Finance of any matter which involves or is thought to involve any financial irregularity in the exercise of the functions of the Local Authority, and the Director of Finance shall carry out such audit investigations as he considers necessary.

4. BUDGET MANAGEMENT

- 4.1.. School budget allocations shall be regarded as being cash limits and Governors will be advised as to what the Authority has allowed for in-year price changes. The school will be required to manage their affairs within this budget allocation.
- 4.2. Each Head Teacher shall before the beginning of each financial year prepare in accordance with the delegated budget for the school estimates of expenditure and income for consideration and approval by Governors. The report to Governors shall include a presentation of the estimates in a common form specified by the Director of Learning and Children's Services.
- 4.3. Total planned expenditure for the financial year shall not exceed the budget share, adjusted by amounts carried forward from the previous year, any income receivable, and any in-year adjustments which may be made in accordance with the Scheme for Financing Schools.
- 4.4.. Each Head Teacher shall submit a copy of the school annual budget to the Director of Learning and Children's Services as soon as possible after notification of the Budget Share and in any case by 1st May in the financial year to which the school budget relates.
- 4.5.. The Governors shall with the assistance of the Director of Learning and Children's Services and the Director of Finance make arrangements to control those budget estimates for which they are responsible, so as to ensure that total net expenditure does not exceed that school's budget.
- 4.6. Governors shall not approve financial commitments into subsequent financial years without satisfying themselves that the costs can be met within the likely level of resources.
- 4.7.. While schools must not plan to spend in excess of their available resources, if at the end of a financial year the budget is overspent, the overspending shall be deducted from the budget for the following year.
- 4.8. Any underspending of the budget allocation for the year may be carried forward and added to the estimate for the following year.

5. ORDERS FOR WORK, GOODS AND SERVICES

- 5.1. The Scheme for the Financing of Schools gives Governors and Head Teachers powers of financial decision-making, and the power to incur expenditure within the limits of the delegated budget. However, when the governing body or head teacher of a school enters into a contract to spend part of its delegated budget, it does so on behalf of the

authority. The Authority will retain ownership of any goods or equipment purchased, and will have ultimate responsibility for ensuring the contracts are fulfilled and invoices paid.

- 5.2. Official orders in a form approved by the Director of Finance shall be issued for all work, goods or services to be supplied to the school.
- 5.3. Verbal orders shall be confirmed by written order without delay.
- 5.4. Each Head Teacher shall be responsible for all orders issued for the school, and shall control the use of official order books in his/her custody.
- 5.5. Governors and Head Teachers shall be responsible for obtaining best value for money. When it is reasonable at least two quotations shall be obtained and where the estimated cost exceeds £5,000 in any one year, every effort should be made to obtain at least three competitive quotations in writing.
- 5.6. The Council's Contract Standing Orders shall apply to every contract where the estimated cost is in excess of £100,000 in any one year.
- 5.7. For contracts estimated not to exceed £100,000 in any one year, the procedures followed for obtaining, evaluating and accepting tenders and quotations shall be in accordance with the advice or instructions issued by the Director of Learning and Children's Services.
- 5.8. Where contracts under seal provide for payments to be made by instalments, the Head Teacher or Chief Officer responsible for the contracts shall arrange for the keeping of a contract register to show the state of the account on each contract together with related professional fees and other payments.
- 5.9. Every contract variation shall be authorised in writing by or with the consent of the Head Teacher or appropriate officer.
- 5.10. LEA officer countersignature must be sought for any contracts for goods or services that exceed £60,000 in any one year.
- 5.11. Head Teachers or relevant Chief Officer shall obtain the advice of the Director of Legal Services as to the Council's legal liability before settling loss and expense claims, ex gratia payments and other exceptional claims.
- 5.12. Governors and Head Teachers responsible for the employment of consultants shall ensure that every consultant employed receives a copy of the those financial regulations and standing orders with which he is required to comply.

6. PAYMENT OF ACCOUNTS

- 6.1. The Director of Finance shall approve the procedures for payment of accounts at each school.
- 6.2. Each Head Teacher shall be responsible for the verification and certification of all invoices and vouchers for payment. The Head Teacher shall maintain the names of

officers authorised to sign such records together with specimen signatures. For payments to be processed by the Director of Finance a copy of these names and specimen signatures shall be supplied to Learning and Children's Services Finance.

- 6.3.** Payments in advance of receipt of goods or services shall only be made where it is a condition of the supplier and the Head Teacher is satisfied that there is no alternative.

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS ARISING IN SCHOOLS

1. This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.
2. Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).
3. The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Examples where dismissal/resignation costs might be charged to a delegated school budget

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit

- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Examples where premature retirement costs might be charged to the local authority non-schools budget

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
 - Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
 - Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
 - Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards
5. Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.
 6. It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.
 7. A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".
 8. Within RBK Redundancy and Early Retirement costs are not met from the central Schools Budget. Redundancy is a charge to the Council's General Funds except where the terms are more advantageous than the Council's own terms. Early Retirement is met by schools from within their delegated budget
 9. For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on

them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

- (7) Where a local education authority incur costs—*
- (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or*
- (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*
- (7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.*
- (7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.*
- (9) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.*